

Chairman

THE HONORABLE CURTIS. M. LOFTIS, JR.
State Treasurer

Chairman Pro Tempore

SCOTT CONLEY



Board Members

SCOTT CONLEY | *Lugoff*
W. DONALD PENNINGTON | *Simpsonville*
F. JUSTIN STRICKLAND | *Lexington*
J. DANIEL WALTERS | *Greenville*
HOWARD H. WRIGHT, JR. | *Rock Hill*
K. WAYNE WICKER | *Myrtle Beach*
J. BARRY HAM | *Manning*
JOHN F. WINDLEY | *Columbia*
CHARLES H. STUART | *Mount Pleasant*
BILLY D. BYRD, II | *Hartsville*

SOUTH CAROLINA
STATE BOARD OF FINANCIAL INSTITUTIONS

MINUTES
Wednesday, May 5, 2021
10:00 AM
via WebEx Virtual Conference Room

Upon proper call and due notice to all its members and after having given required public notice, the State Board of Financial Institutions met on the 5th day of May 2021 with Chairman Loftis presiding.

Members present: Messrs. Conley, Pennington, Strickland, Walters, Wicker, Windley, and Byrd.

The Administrator announced that there were seven members present in addition to the Chairman. The Chairman stated that a quorum was present.

Mr. Stuart joined the meeting during Mr. Reinheimer's presentation.

Staff present:

Consumer Finance Division: Commissioner Ron Bodvake, Deputy Commissioner Phyllis Wicker, Deputy Commissioner Quinton Creed, and Deputy Commissioner Amy Gelhaus.

Banking Division: Commissioner Rick Green and Deputy Commissioner Kathy Bickham.

State Treasurer's Office: Chief of Staff Clarissa Adams, Deputy State Treasurer Cynthia Dannels, Deputy General Counsel Bill Condon, Deputy General Counsel Shawn Eubanks, Director of Communications Karen Owens, HR Manager Lisa O'Sullivan, Financial Analyst Cameron Larkin and Board Administrator Alicia Sharpe.

The Agenda for this meeting was approved by General Consent.

The April 7, 2021 Board Meeting Minutes were approved by General Consent.

The Chairman asked if any member had a conflict of interest with any item on the agenda. No member identified a conflict of interest.

Tommy Reinheimer, Chief Executive Officer of Veritec Solutions, presented the annual Veritec Report to the Board. Dan Walters asked what type action was representative of the 244 accounts discussed in the Veritec report as having collections or further action. Tommy Reinheimer explained that there is not a lot more detail, as these actions are self-reported. The Chairman asked if the actions would be reported negatively to a credit reporting agency. Mr. Reinheimer stated that pay day lending type loans are not generally reported to the big three credit reporting agencies. The Chairman commented that he is astounded by the number of people who use pay day lending because they have challenges accessing a bank or other financial institution. He said that he and Commissioner Bodvake could further discuss who gets reported and how the credit rating companies report this data.

The Chairman acknowledged departing members Scott Conley and John Windley.

The Chairman recognized Scott Conley's Board service since 2010, including his role as the Chairman Pro Tempore and as an active Budget & Operations Committee member. He said that Mr. Conley's expertise concerning financial operations issues have been valuable contributions. He said that Mr. Conley kept the Board focused by frequently asking "what is the cost?" and advocating for increased operational efficiencies.

Mr. Conley said that the experience has been tremendous. He further commented that there has been a lot of positive change over the last years with strong leadership. He said he appreciated being able to serve.

The Chairman also recognized John Windley, stating that he took over an unexpired term for one of the banking seats even as he began his retirement transition from South State. He said that, during Mr. Windley's 3 years of service on the Board, he has provided a long-range perspective on the impact of our policies, which will have a lasting effect on the Board and the Agency. Mr. Windley said that service on the board and getting to know others outside of his industry, especially from consumer finance, whom he was unfamiliar with prior to his service, was a pleasure. He expressed his appreciation for the opportunity and the leadership the Chairman has provided and the job the Board has extended to the financial services industry.

The Budget and Operations Committee update was provided by Committee Chair Don Pennington. He informed the Board that the Committee discussed several topics including the internal annual IT inventory which included both soft and hard assets and information assets, the completion of documentation of the Third-Party Risk Management program, an evaluation of a digital document storage solution and the new examination database. The Quarterly Expenditure Analysis was also reviewed. The Budget and Operations Committee is scheduled to meet again on July 22nd.

Commissioner of Consumer Finance, Ron Bodvake provided the Board with an update on several division items.

The Consumer Finance Division hired a Licensing Specialist who will start work with the division this month.

The Commissioner virtually met with *Veterans United*, a VA home loan lender, to discuss industry trends.

The Commissioner participated on an HR Advisory panel with the Office of Human Resources to discuss retention of employees during their monthly meeting.

The Commissioner provided an update regarding investigations. The Division continues data gathering by region. The Midlands region is complete. Investigations started in May.

The Commissioner discussed the monthly report. He stated that Mortgage Loan Originator applications remain at an all-time high and the trend continues to rise. Applications for mortgage-loan branches is also at an all-time high.

Commissioner of Banking, Rick Green provided the Board with an update on several division items.

Chief Examiner Remonia Wright has been selected by her peers to serve as the Chair of the State Examiner Review team, a subcommittee of the CSBS.

The Emergency Management Division recently held the Recovery Task Force's Emergency Full Scale Recovery tabletop exercise. The Division is part of the Emergency support function and the exercise reviewed scenarios and responses.

Several of the Division's examiners, including a review examiner, participated in a beta testing for MERIT, the NCUA's new examination software. This is an update to AIRES, the legacy examination application software.

The Commissioner testified before a sub-committee of the *House Labor, Commerce, and Industry Committee* on the Banking and Credit Union Modernization Act (S467). The bill has now passed both the Senate and the House unanimously.

The Commissioner stated that staff continue to participate in education and training as referenced on the Commissioner of Banking report.

The Commissioner discussed the Pandemic Operational Posture and stated that the division remains in stage 2C. Examiners continue to work in the office, social distancing is practiced, and masks are required whenever there is interaction with others in common areas. Exams continue to be remote except for a recent onsite opportunity. Further onsite visits will be addressed on a case by case basis.

The Commissioner reviewed actions that he has taken since the last meeting pursuant to authority delegated to him:

- Optus Bank, Columbia, SC – approved request to relocate a Columbia branch
- First Reliance Bank, Florence, SC – approved request to purchase property for future expansion in Mount Pleasant
- Anderson Brothers Bank, Mullins, SC – approved request to purchase property for future expansion in Myrtle Beach

Commissioner Green thanked Mr. Conley and Mr. Windley for their Board service.

Executive Session

The Board voted unanimously to adjourn into Executive Session.

Deputy General Counsel Shawn Eubanks stated the reasons the Board entered Executive Session:

to discuss the Commissioners' EPMS process and to receive legal advice as needed.

The Board voted unanimously to end Executive Session.

Announcements

With the departure of Mr. Conley from the Board, the Chairman announced that Mr. Pennington will now serve as the Chairman Pro Tempore of the Board.

The next board meeting is scheduled for Wednesday, June 7, 2021.

There being no objection, the meeting adjourned at 10:15 AM.